SHREM INFRA INVEST PRIVATE LIMITED

RISK MANAGEMENT POLICY

Approved By	Board of Directors
Effective Date	April 04, 2026
Version	2.0

RISK MANAGEMENT POLICY

1) Preamble

This Risk Management Policy ("Policy") of SHREM infra invest Private limited ("the Company") establishes a comprehensive framework for identifying, assessing, monitoring, and managing risks. The Company, being registered as a **Core Investment Company (CIC)** and categorized under **NBFC–Middle Layer (NBFC-ML)** by the Reserve Bank of India (RBI), is committed to maintaining a strong risk management culture that safeguards group investments, ensures financial stability, and complies with applicable regulatory requirements. The Policy is in accordance with the 17(9) of SEBI LODR Regulation, 2015.

2) Risk Governance Structure

a) Board of Directors

- Approves the overall risk management framework and risk appetite
- Reviews key risk exposures and mitigation strategies

b) Risk Management Committee (RMC)

- **Constitution:** The Board shall constitute a Risk Management Committee comprising a minimum of three members
- **Meetings:** At least once every financial year (minimum mandated periodicity for the Company's scale), with an additional meeting only if triggered by a material risk event, change in loan/investment portfolio, or regulatory requirement.
- **Responsibilities:** Review the Leverage Ratio and Adjusted Net Worth position, note the status of the loan exposures, and confirm continued compliance with group exposure and concentration norms.

c) Internal Audit Function

- Conducts risk-based audits
- Reports findings to the Audit Committee

3) Key Risk Categories

a) Investment & Leverage and Group Contagion Risk

- Managed as per the Company's Group Risk Management Framework.
- Primary focus: Maintaining ≥90% Net Assets in group companies and monitoring group entity health.
- Maintaining Total Outside Liabilities / Adjusted Net Worth ≤ **2.5 times**

b) Liquidity Risk

- Managed as per the Company's ALM Policy.
- The ALM Committee (ALCO) shall monitor maturity gaps and liquidity buffers, reporting findings to the RMC/Board.

c) Market Risk

Risk arising from changes in market conditions affecting valuations of investments.

- Periodic valuation and stress testing
- Diversification, where feasible

d) Operational & Compliance Risk

- Basic internal controls (dual authorisation for payments, maker-checker for filings) are followed given the Company's limited transaction volume.

- Statutory and regulatory filings (RBI returns, ROC filings, CIC-specific returns) are tracked on a compliance calendar maintained by the Company/its CA firm.

e) Reputational Risk

Risk of adverse perception affecting stakeholder confidence.

- Transparent disclosures
- Strong governance practices

4) Risk Assessment

Given the Company's limited activity, Credit risk assessment is limited to the following:

- Before sanctioning any loan to a group entity, the Company shall obtain and review the borrower's credit bureau report (CIBIL/credit union check) as the basis for assessing creditworthiness.

- No other formal risk-scoring, stress testing, or scenario analysis is separately documented given the Company's scale of lending. Except annually Stress testing shall be conducted to assess the impact of adverse scenarios on :
  a) Net worth
  b) Leverage ratio
  c) Investment portfolio

  Further same is considered annually in ICAAP report

- Risk is assessed as low based on the subsidiary's financial standing and repayment history, independent of common directorship.

5) Risk Monitoring & Reporting

- An annual risk summary shall be placed before the RMC and Board, covering the Leverage Ratio, ANW, status of existing loan exposures, and any compliance lapses noted during the year.
- Any material risk event (e.g., default on an existing loan, breach of leverage ceiling) shall be escalated to the Board immediately, outside the annual cycle.

6) Internal Controls & Audit

- Robust internal control systems shall be implemented
- Internal audit shall adopt a risk-based audit approach

- Timely closure of audit observations

7) Regulatory Compliance

The Company shall continue to comply with all applicable requirements under RBI's Scale-Based Regulation (SBR) framework and CIC-specific directions issued by the Reserve Bank of India, including:

- Maintaining Adjusted Net Worth (ANW) as prescribed for CICs
- Maintaining the Leverage Ratio (Total Outside Liabilities / Adjusted Net Worth) at or below 2.5 times
- Maintaining ≥90% of Net Assets in group companies and complying with group exposure and concentration norms
- Timely filing of applicable RBI, ROC, and other statutory returns, as tracked on the Company's compliance calendar

Compliance with the above is reviewed by the RMC/Board as part of the annual review under Section 5

8) Business Continuity & Disaster Recovery

Given the Company's limited operations (no active branch network, minimal staff, no fresh lending), a full Business Continuity Plan and disaster recovery testing regime is not separately maintained. Books, records and key documents (loan agreements, Board/RMC minutes) shall be maintained in both physical and digital (backed up) form to ensure continuity.

9) Policy Review and Amendment

Any amendment or modification shall be reviewed and recommended by the Risk Management Committee and shall be approved by the Board of Directors of the Company. In case of any regulatory changes having an immediate effect, the Company may align the Policy accordingly, subject to ratification by the Board of Directors.

10) Approval

This Policy has been approved by the Board of Directors of Shrem Infra Invest Private Limited on April 04, 2026.

For Shrem Infra Invest Private Limited

_____

Nitan Chhatwal
Director
DIN: 00115575